

INTELLO 17

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SUBJECT Exploitation of Albanian Oil Fields;
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letter of 16 October 1978 from the
Director of Central Intelligence to the
Archivist of the United States.

SUPPLEMENT

Exploitation of Albanian Oil Fields

1. The existence of extensive petroleum fields near Penkovo, in the Devoli River valley in southeastern Albania, is confirmed. These fields are being exploited by the Yugoslav enterprise Yugo-Petrol.
2. A discussion concerning Yugoslav-Italian collaboration on the disposal of Albanian crude oils included Dr. Orsic, director of the Fiume refinery, Dr. Giorgio Kaftal, general director of the Milan firm ANIC (address: via Albania), and the director (name unknown) of the Yugoslav Petroleum Kombinat of Zagreb.
3. In response to questions made on behalf of Dr. Orsic, the following information was presented by Dr. Kaftal:
 - a. ANIC is presently negotiating with another foreign petroleum group, but if the Italian Government concurs, ANIC is also capable of processing Albanian crude oils in monthly lots of 10,000 tons under the following conditions:
 - (1) Total production of benzine, petroleum, naphtha and oil is to go to Yugoslavia.
 - (2) ANIC is to retain all by-products.
 - (3) Yugo-Petrol may send its own technician to Bari to act as liaison and supervisor.
 - (4) Prices are to be determined according to the international market. For instance, assuming that from 1,000 tons of Albanian crude oils ANIC produced 200 tons of benzine, 10 tons of petroleum, 20 tons of naphtha and 10 tons of oil, the price of distillation based on the international market would be one million lire or two thousand dollars. The residue of 760 tons would be worth twenty hundred dollars to ANIC, and it would deliver petroleum products to Yugo-Petrol to make up the difference of two hundred dollars.

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- (5) Through such collaboration the raw petrol materials from the Devoli valley will be exploited, and Italian industry will be able to utilize oil refining distillation products for which the Yugoslav industry has, as yet, no practical use.

b. ANIC recommended the following:

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- (1) That Yugo-Petrol liquify the residue.
- (2) ANIC would deliver the petroleum necessary for such processing upon delivery in Bari.
- (3) Processing of the residue would be studied jointly by the Yugoslavs and Italians, and a method of payment would be determined.

c. Further negotiations between Yugo-Petrol and ANIC will be carried on in Milan.

Yugoslav Oil Industry

4. Petroleum wells are being drilled rapidly three kilometers east of the village of Siman Han, southeast of Tuzla on the Tuzla-Zvornik road. The present yield is about 100 tank cars daily, which is transported to refineries at Belgrade, Slavonski Brod, Caprag or Fiume. By 1951, a yield of 450 tank cars daily is anticipated.
5. The turpentine oil factory at Dobrinje, near Visograd, has lately been equipped with modern machinery for the manufacture of resin, varnish and various oils. The machinery is of German origin, and was delivered from Czechoslovakia and Russia on 4 June 1947.

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